PROJECT BRIEFINGS

Denver, CO, July 2002

Colorado has two Public Highway Authorities (PHA) that are political subdivisions of the state with similar powers, including eminent domain, and are established by cities and counties. The Colorado Department of Transportation serves as ex-officio board member. The enabling legislation gives the PHA the power to finance, construct, operate, or maintain all or a portion of a beltway or other transportation improvements in a metropolitan region, which cannot feasibly be financed, constructed, operated, or maintained by one jurisdiction acting alone. The PHA Board is responsible for establishing, collecting, and setting toll rates. The two projects are new corridors, and not extensions of existing ones and there are competing arterials, which are not tolled.

John McCusky, E-470 PHA

The E-470 fosters development in a generally undeveloped area around the perimeter of the Denver metro area. Future toll revenues were used to raise an escrow bond finance package of $722 million and private sector contributions of office space, right-of-way, property assessments and monetary donations. Financing is non-recourse toll revenue bonds backed solely by the forecast toll revenues. The PHA contracts for all roadway and roadside maintenance and operations services. A separate contract with the State Patrol is made for enforcement.

Steve Hogan, Northwest Parkway PHA

The Northwest Parkway PHA was established in 1999 by the cities of Broomfield and Lafayette and Weld County. A total of $20 million worth of land was purchased to create new open spaces so that no new development will occur in the immediate vicinity of portions of the Parkway. The right-of-way consists of a 300' barrier for future widening and/or transit and a multi-use trail pending approval. No federal or other public funds are being used. Financing is non-recourse toll revenue bonds backed solely by forecasted toll revenues. The PHA holds and controls the assets on behalf of its member bodies. When the project is completed (December 2003) the member bodies will control the assets. The Parkway will use the same automatic vehicle identification technology used by the E-470, which will allow the use of a transponder issued by either project to permit travel on both facilities without the need to stop at the toll barriers.

San Diego, CA, October 2002

Gerry Gallegos, San Diego Association of Governments (SANDAG)
Mickey Cafagna, SANDAG
Heather Werdick, SANDAG

The I-15 Express Lanes in San Diego are two reversible lanes, located in the freeway median, that flow southbound in the morning and northbound in the afternoon. The lanes were initially opened as an HOV facility in January 1988, but did not fill to capacity. Transit also underserved the corridor in the early 1990s. In an effort to overcome these constraints, the San Diego Association of Governments (SANDAG) Board passed a resolution and applied for a grant under the Value Pricing Pilot Program that would allow the conversion of the HOV lane into a HOT lane, or HOV and toll lanes.

The project was implemented in two phases. The Phase 1 ExpressPass program, which allowed single occupancy drivers to buy-in to the HOV lane with a monthly pass, operated from December 1996 to March 1998. Initially, 500 monthly passes were available for $50 per month; this was later increased to 1,000 at $70 per month. By June 1997, an automated vehicle identification (AVI) transponder system was in place. In March 1998, Phase 2 began, instituting the FasTrak program.

The popularity of the project was immediately clear. Within the first week of operations, over 3,200 of the 5,000 available transponders were dispersed. By December 1998, 6,500 transponders were issued, with 4,850 corresponding FasTrak accounts. The facility instituted a dynamic tolling structure, which changed based on the congestion level, with tolls ranging from $.50 to $4, and possible up to $8 in very unusual circumstances.

In August 1998, tolls during the peak shoulders decreased, in an effective effort to encourage drivers to travel in non-peak periods. The demonstration period ended in December 1999, but the project has continued to operate since it has been deemed to be self-sustaining and successful at achieving the prescribed goals.

The program was originally funded by an $8 million grant from FHWA under the Congestion Pricing Pilot Program if ISTEA. The San Diego region also contributed a $2 million in-kind match to the federal grant. The project is currently self-supporting, generating approximately $2 million in toll revenues per year. The revenue pays for $750,000 per year in operating costs and $60,000 for California Highway Patrol enforcement. State law requires the remaining revenue to be spent improving transit service along the I-15 corridor.

Orange County, CA, October 2002
Walter Kreutzen, Orange County Transportation Corridor Agencies (OCTCA)
Coleen Clark, OCTCA
Jennifer Johnson OCTCA
The Orange County Transportation Corridor Agencies (OCTA) is a multi-jurisdictional authority charged with construction of toll road facilities. Seed capital was provided by loans from OCTA, which also funded the pre-construction costs of facilities with development impact fees with little direct state or federal assistance. The OCTA sold two separate bond issues, each raising in excess of $1 billion, for the San Joaquin Hills and the Foothills/Eastern Corridors.

In each case, project financing was supported with federal credit enhancement provided in the form of a standby line of credit. This mechanism provided important assistance in supporting the bond issues. FHWA was authorized to provide a credit line to each project as partial security underpinning each bond issue. These arrangements, available for a ten-year period upon completion of each facility, were intended to provide limited supplemental capital in the event that traffic shortfalls arose with an adverse impact on revenues, which would impair debt service coverage during the ramp-up phase.

Joseph Joswiak, SR 91 Express Lanes
The SR 91 (Riverside Freeway) Express Lanes was the first privately financed toll road to open in the U.S. in over 50 years in 1993. It was also the first fully automated toll road in the world, and notably the first variably-priced toll road in the U.S. Tolls range from $1 to $4.75 and require the use of transponders. In 2002, Bill AB1010 was passed giving the OCTCA tolling authority on the SR91 and enabling them to purchase the Express Lanes from the California Private Transportation Company. The purchase price was $207.5 million and ended the controversial "non-compete" restrictions, which prevented any improvements to the corridor until 2030.

Seattle, WA, October 2002
B.C. Transportation Investment Act
Robert Miller, Partnership Division, B.C. Ministry of Highways gave an overview of the B.C. Transportation Investment Act. Facing the challenges of extensive under funded transportation infrastructure needs, increasing traffic congestion and shrinking traditional public resources, the government of British Columbia embarked on a new program to create opportunities for private sector companies to expand their highways and roads. The Legislative Assembly approved the Transportation Investment Act on October 31,2002 authorizing the Minister of Transportation, with the approval of the Lieutenant Governor in Council, to enter into agreements which grant concessions or franchises to private companies for the development, financing, construction and/or operation of highways. The new law requires certain agreement provisions including how tolls will be set and varied, the obligations of the concessionaire to construct the facilities using certain standards, operational requirements, the manner in which the concessionaire is to be compensated and other particular public protections.

The broad statutory authority has similarities to the original Washington State Public-Private Initiatives Act (RCW 47.46) in that the law establishes the statutory framework for the partnership and provides direction on the public-private agreements. However, government controls over the project financing and project operation are more profound and the B.C. law specifies public protections that were only implied in the Washington law. Two possible concessions are under active consideration, Highway 99 from West Vancouver to Whistler, and 'Gateway', a basket of improvements around the Lower Mainland.

Chicago, IL, October 27-30 2002, Meeting the Funding Challenge Today and Shaping Policies for Tomorrow 3rd National Transportation Finance Conference sponsored by Transportation Research Board

This national conference was convened by the Transportation Research Board to present the state of knowledge on innovative transportation financing. The meeting included discussions of the federal transportation program re-authorization that is expected to have some incremental changes to statutes pertaining to current innovative federal finance programs, rather than formula changes. Another prediction for federal finance programs is the implementation of High Occupancy Toll (HOT) lanes on interstates and other highways and possibly expansion of the Value Pricing Projects Pilot Program. Other states "showcased" their projects that were financed using innovative financing plans created by new federal/state legislation.